

Message Text

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ACTION COME-00

INFO OCT-01 AF-10 ISO-00 EB-08 /019 W
-----029813 011341Z /47

O R 011017Z AUG 77

FM AMEMBASSY LAGOS

TO AMCONSUL KADUNA IMMEDIATE

INFO SECSTATE WASHDC 2614

LIMITED OFFICIAL USE LAGOS 8557

DEPT PASS COMMERCE

E.O. 11652: N/A

TAGS: BEXP, NI

SUBJECT: MAKERI SMELTING COMPANY INTERESTED IN DIVERSIFYING
THROUGH JOINT VENTURE TO MANUFACTURE BUILDING MATERIALS.

1. FACED WITH DECLINE IN MINING OF TIN OVER PAST NINE YEARS,
MAKERI SMELTER IN JOS NOW OPERATING AT LESS THAN ONE-THIRD
CAPACITY. MAKERI'S BRITISH PARENT COMPANY AMALGAMATED METAL
CORPORATION (A SUBSIDIARY OF PATINO N.V. OF TORONTO, HOLDING
COMPANY OF OLD BOLIVIAN TIN FAMILY BY SAME NAME) ANXIOUS TO
DIVERSIFY IN NIGERIA TO LESSEN DEPENDENCE ON SINGLE INDUSTRY.
MAKERI MANAGINGDIRECTOR R.J. TOLLEY VISITED EMBASSY IN LAGOS
TO DISCUSS THIS JULY 19, AND ACTING MANAGING DIRECTOR ANGUS
PATON BROUGHT IT UP AGAIN WHEN BUMINES OFFICIALS AND EMBOFF
VISITED MAKERI SMELTER JULY 25.

2. MAKERI CURRENTLY DOING MARKET SURVEYS TO DETERMINE BEST AREAS
FOR DIVERSIFICATION. BUILDING MATERIALS APPEAR TO BE BEST
PROPECT IN VIEW HIGH LEVEL OF CONSTRUCTION ACTIVITY IN NIGERIA
AND ARE COMPLEMENTARY WITH MAKERI STAFF'S METALLURGICAL SKILLS.
PRODUCTS BEING CONSIDERED INCLUDE STEEL OR ALUMINUM DOORS,
WINDOW FRAMES AND LOUVRES; GALVANIZED ROOFING SHEETS; METAL
LIGHTING FIXTURES; HAND TOOLS; SPECIAL FASTENERS FOR ROOFING
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SHEETS; DOOR HANDLES AND OTHER HARDWARE FITTINGS. WHILE MAKERI
HAS METALLURGICAL ENGINEERING EXPERTISE, IT WISHES FORM JOINT
VENTURE OR LICENSING AGREEMENT WITH FOREIGN FIRM ALREADY PRODUC-
ING ABOVE MATERIALS IN ORDER OBTAIN SPECIFIC TECHNOLOGY.

3. MAKERI DOES NOT NEED CAPITAL INPUT, CAN INVEST UP TO NAIRA 2
MILLION OR OWN FUNDS AND HAS ACCESS TO BANK CREDIT OF UP TO

NAIRA 10 MILLION. MAKERI FEELS MAIN BENEFIT FOR FOREIGN PARTNER WOULD BE ASSURED ACCESS TO EXPANDING NIGERIAN CONSTRUCTION MARKET AND LINK WITH PARTNER WHICH ALREADY FAMILIAR WITH LOCAL CONDITIONS AND BUREAUCRATIC REQUIREMENTS. PATON SUGGESTED THAT FOREIGN PARTNER CONSIDER OBTAINING ITS PROFIT BY SELLING JOINT-VENTURE PARTIALLY MANUFACTURED PRODUCT FOR FINAL PROCESSING AND ASSEMBLY, AS WELL AS THROUGH LICENSING FEES. OPERATION WOULD CONCENTRATE ON NORTHERN NIGERIAN MARKET.

4. MAKERI HAS ONLY TWO NIGERIAN SHAREHOLDERS, NIGERIAN MINING CORPORATION AND NORTHERN ORIENTED NEW NIGERIA DEVELOPMENT CORPORATION, AND BELIEVES THESE GOVERNMENT INSTITUTIONS WOULD ENSURE THAT NEW JOINT VENTURE RECEIVED ANY NECESSARY PROTECTION. MAKERI WHICH NOW 60 PERCENT FOREIGN AND 40 PERCENT NIGERIAN OWNED, WOULD SET UP JOINT VENTURE AS SEPARATE CORPORATION SINCE IT WOULD FALL UNDER 60 PERCENT NIGERIAN OWNERSHIP REGULATIONS.

5. FOR AMCONSUL KADUNA: EMBASSY HAS SUGGESTED THAT MAKERI ATTEND BUILDING MATERIALS AND EQUIPMENT CATALOGUE SHOW IN ORDER OBTAIN POSSIBLE LEADS TO U.S. FIRMS WHO MANUFACTURE PRODUCTS OF KIND MAKERI BELIEVES BEST SUITED TO ITS TALENTS AND TO NIGERIAN MARKET AND WHO MIGHT BE INTERESTED IN LICENSING OR JOINT-VENTURE PROPOSAL. PLEASE INFORM MR. ANGUS PATON OR HIS ASSISTANT MR. UPAA, MAKERI SMELTING COMPANY, P.9. BOX 653 JOS, TELEPHONE JOS 2841, THAT DATES FOR U.S. BUILDING MATERIALS AND EQUIPMENT CATALOGUE SHOW ARE AUGUST 2 THROUGH 4. MR. UPAA SHOULD PLAN LIMITED OFFICIAL USE

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TRAVEL TO LAGOS DURING THAT PERIOD IF POSSIBLE. UNABLE REACH KADUNA OR JOS BY PHONE.

6. FOR USDOC: EMBASSY WOULD ALSO APPRECIATE USDOC INSERTING APPROPRIATELY STERILIZED ARTICLE BASED ON PARAGRAPHS 2 THROUGH 4 ABOVE ON MAKERI INTEREST IN COMMERCE AMERICA MAGAZINE. BUREAU OF MINES OFFICIALS WHO VISITED MAKERI JULY 25 IMPRESSED WITH BOTH THOROUGHNESS OF SMELTING OPERATION AND KNOWLEDGE OF NIGERIAN METALLURGIST WHO ESCORTED THEM. EMBASSY CONFIDENT THIS OFFERS EXCELLENT OPPORTUNITY FOR U.S. FIRM TO CRACK NIGERIAN MARKET.

7. DECONTROL ON RECEIPT.
WYMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
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Copy: SINGLE
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LAGOS08557
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
From: LAGOS
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t197708111/aaaadqmqz.tel
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Original Classification: LIMITED OFFICIAL USE
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Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
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Review Event:
Review Exemptions: n/a
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Review Release Date: n/a
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Review Withdrawn Fields: n/a
SAS ID: 1436098
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To: COM KADUNA
Type: TE
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